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## HOW TO LOWER THE COST OF HOUSING?

by

Lynn Hannley

The purpose of this paper is not to give an answer applicable on a short term basis to some of the most evident problems engendered by our generally accepted policy regarding Low Cost Housing.

It should be evident to any observer that the very concept of low cost housing, at least as it is understood in North America, is a rather hybrid notion with no foundation, cultural or other except that of political tokenism. Low Cost Housing is built for those who have not been able to attain the expected standards of an economic ability to purchase their own housing. The society behaves toward the economically underprivileged as if they do not belong to the main fold; as if they had no past; as if their aspirations were in no way influenced by the on-going propaganda for economic self-reliance and independence; as if they were some unmotivated group to whom governments should partronizingly cater, by offering "subsidized social habitats"; in which they can not help but feel cast off as second rate citizens. We have two housing policies at present--one for those who can acquire their own accommodation and one for those for whom we build low cost housing.

This paper has not the pretension of offering an instant solution which would transform magically some of the most costly blunders that have been accumulated over fifty years into economic social and political successes. It is an attempt to show that to be acceptable and rational, low cost housing can not merely be treated as a tolerable exception for the marginal segment of the "affluent society". Low cost housing must be viewed, in the vast context of a world undergoing various transmutations in which it is no longer possible to take wishful thinking for objective information.

The problem which must be dealt with is "HOW TO LOWER THE COST OF HOUSING". In order to deal with the problem at hand, four important questions must be explored:

1. Where are we now with regard to housing and how did this occur?
2. What will happen if no systematic intervention takes place?
3. What are the positive directions that we can select?
4. How can we achieve them?

### WHERE ARE WE NOW AND HOW DID THIS OCCUR?

"All I want is a house somewhere". This quotation sums up what many people conceive of when they think of housing. A house, an end product which can be defined and has value in and of itself. People think in terms of two concepts - 1. shelter which is temporal, and 2. a house which is a goal they want to achieve. Although there may be little difference in a house and the temporal shelter (in technical terms) - the major differentiating factor is the fact that a house is usually owned by a person and is perceived of as an expression of that person's worth and achievement in present day society. The larger one's house--the greater the person's worth and achievement.

Generally such houses are produced in a fashion so as to accommodate a standard definition of the "North American Family" which is translated into the number of bedrooms. The average size of a house is three-bedrooms. Variations in terms of the house are usually expressed through either the elimination of bedrooms or through the component placement. A house is basically a shelter shell -- little or no consideration is ever given to the requirements of an internal support system; or to what living volume is required by people; or to the development of a flexible dwelling unit to meet the changing needs of people.

A concept of a house based upon a marketable commodity, which is an expression of a person's achievement and worth, and which can be defined by bedroom size, is static. Although people's life styles have changed in the past fifty years, the house has changed very little. Just compare the development of transistorized radios with the development of the house over the past thirty years.

Radios have become more functional and compact and cheaper in price, while the house has become more compact and has quadrupled in price.

In order to understand what the effects of such a static concept of the house has had, it is important to understand how we have arrived at the point we are at now. The above concept of a house is a direct result of our social, economic, psychological and political history, and is in no way related directly to our technological capacity. Certainly today we have more houses than we did 100 years ago; but have the base units changed as a result of all the technical knowledge that we have? There are a number of underlying assumptions which are responsible for our present situation.

### Assumption 1

The world is filled with endless resources, especially land and every individual can have as much of this land as possible. Such a concept is pre-space age. Cultural lag, unfortunately, prevents man from perceiving the reality of his environment without his historical cultural blinders and therefore land is still perceived as an endless resource.

### Assumption 2

The fittest or in this case the one who has acquired the necessary support systems is the one who has the right to survive. Although there are endless resources, we must compete to have enough to survive; we know that (as a result of the depression) people with less resources have less chance of survival. The possession of resources such as a house and land is somehow an insurance of survival. Little thought is given to just what it is that man requires in order to survive.

### Assumption 3

We must protect ourselves against others who are perceived as invaders, or ones who will take our resources away from us. This assumption results in the concept of national or cultural chauvinism -- ours is the best way. Little consideration is given to how we can collectively benefit from the resources of the world. This chauvinistic attitude has permeated our culture to the degree that we think of the concept of "my house" -- with little consideration given to other people who also live in the same community. This assumption is also a result of the fact that we are always considering ourselves in competition with the person who has the adjacent house for the necessary resources of the world.

### Assumption 4

Greatness is measured in terms of quantity -- the bigger or the more our visible resource bank, the better we are. An interesting phenomenon is the fact that people who have more resources purchase the "biggest" goods; for example, a stereo is usually purchased in a disguised fashion as a piece of furniture rather than as a sound reproduction system. Little information or consideration is given to whether or not the goods purchased are functional. It is bigger and more costly, it therefore must be better.

What are the results of these assumptions and a static concept of housing?

If we are forced to compete for the resources which are available; and if a house is a goal which is an expression of how well we have competed and a reflection of our likelihood to survive -- then some people will achieve this goal of a house and others will not. This results in a double standard and a double policy for housing. Those who have struggled hard and have

achieved this goal can get what they want within certain definitions of what a house is. Those who have been less lucky are supposed to be grateful for whatever it is they are given. The economically poor have little choice or chance to request the type of housing that they live in. This results in the development of a class system.

What are the results of such a situation in economic terms?

Can we calculate the present cost of housing, not just in terms of visible costs but also in terms of supportive and human costs? Perhaps a breakdown of the cost factors that must be included would be helpful in terms of understanding the results of such a situation.

#### VISIBLE COSTS:

- land
- materials
- servicing
- technical advice
- landscaping SHELL
- interim financing
- mortgaging
- labor
- taxes

#### SUPPORTIVE COSTS:

- Housing Unit:
  - maintenance internal support
  - heating systems (usually
  - cleaning considered a
  - air conditioning luxury).
  - communications systems
  - food preparation, storage & cleaning

#### INVISIBLE COSTS:

- What is the effect of environment of people?
- What is the effect on non-voluntary homelessness on people?
- What is the effect in terms of depletion of the resources?
- Transportation:
  - vehicle license
  - vehicle maintenance police
  - roads courts
  - road maintenance lights
  - insurance signs
  - taxes land used
  - emergency services
  - servicing

**NOTE:** Depreciation must be considered for all of these costs.

It is easy enough to calculate the visible costs - but without an understanding of the invisible costs this would not be a total picture. Perhaps some comments on two aspects of the invisible costs will help determine how we can calculate these.

#### 1. What is the effect of environment on people?

- Although there are three important inter-related areas that one should consider when defining the word environment, that is the physical, social and psychological. Perhaps the physical is the most important to deal with in this context.
- What is the effect on people living in small confined spaces?
  - What is the effect on people living in a suspended in space high rise?
  - What is the effect of living close to a fast roadway system?
  - What is the effect on people living in a grid system such as found in most north American suburbs?
  - What is the effect of living in a large metropolitan area?
  - What is the effect of knowing that one will not be able to achieve a house which he owns; implying that his ability to achieve or survive is less than that of others who can achieve this goal?
  - What is the effect on people living in low cost housing?

Are any of these questions relevant? Should we consider them or are they just extraneous data which will block the development of the large physical structures that should be built? Although there has been some research done in these various areas, there has been little effort to combine the present knowledge that we have in terms of building an environment that reflects needs of the people who live in such environments. There is very little recognition of the fact that people have different life styles and that any environment which truly meets their needs should be an expression of such life styles. An environment can change, prevent or foster a life style.

#### 2. Non-Voluntary Homelessness

Perhaps through an understanding of what non-voluntary homelessness -- or lack of any self environment, we can understand just how environment can mold people. Through the operation of a Housing Bureau - as an action research project - a great amount

of information has been collected on what the effect of non-voluntary homelessness is. During one month of operation 75.6% of the people who sought accommodation through the Bureau were involuntarily homeless -- that is they had no place to live in, or the place in which they were living was being torn down, and they could not find a place which they could either afford, nor one which met the other needs that they had. Of this group 22% were elderly people and the others were families who were on assistance. Since most of these people are on low incomes, they are very limited in the type of accommodation that they can purchase. What usually happens is that these people find accommodation usually in poorer conditions in which they attempt to establish a stationary lifestyle (making new friends, discovering community services, children establishing themselves in school, etc.). No sooner does this happen than the house they are in, once again, is lost. They must, once again, try to find new accommodation. People who are non-voluntarily homeless are forced to be transient. What we are finding now is that there are second generation forced transient families. The poor can only afford certain accommodation in our present economic system. An attitude has been developed that the poor are not capable of managing better accommodation and therefore, only deserve what they are getting at present. In this very real way our market commodity based concept of house, which comes to the poor through a filtering down economic system, fosters and promotes a certain style of life --- that is involuntarily homelessness.

#### WHAT WILL HAPPEN IF THERE IS NO SYSTEMATIC INTERVENTION IN TERMS OF CURRENT PROCESS RELATING TO HOW PEOPLE OBTAIN A HOUSE?

If only one aspect of the present housing situation is tackled at a time, no definite changes can occur. Perhaps the following example will help clarify this.

A western Canadian city just purchased a tract of land with money borrowed from the Federal Government. This tract of land was to be put on the market at a lower cost, thereby, reducing costs and making housing more accessible to people. The city felt that it must cover the interest charges on the money obtained from the government and should show a profit on the sales of this land. In spite of all this, people believed that this action would be the answer to the housing problem in the city. Unfortunately, since people had to obtain the money for their house through the usual channels of mortgaging, the result at present is that only those who could afford to build a house are able to do so. The city's action may have served to lower the cost of land somewhat, but people who needed it were still not able to secure a house. The slight reduction in land costs alone was not enough to make any actual dents in the housing situation. It is unfortunate that because there is never a full understanding of the problem, a great deal of resources are expended in less positive fashions with the delusion that the problem will be solved.

If we are attempting to resolve the situation of providing a integral part of any solution:

1. that everybody obtains a house if they so desire.
2. that the house they obtain meets their needs. Can we deal with these under the present definition of a house; under the present assumptions that this is based upon; and under the present means that people use to acquire a house?

#### Under the Present Definition of House: No

Because the definition by its very static nature will not allow us to meet people's needs. The only thing that is possible is that people adapt to fit the concept of house.

#### Under the Basic Assumptions: No

(endless resources, survival of the fittest, competition, nationalism, greatness in terms of visible quantity) All of these imply that only a few people would be adequately housed, while others who do not have such -- will be left with the remainder -- which is exactly the situation that we find ourselves in today. We could perhaps institute such programmes as low cost housing for



those who cannot afford what the market can offer. But the result of this is that we develop a caste system based upon the type of house that one lives in. The better under this system will still be perceived as those who do not live in low cost housing.

#### Under the Way in Which People Obtain Housing: No

Once again we have a double standard, one for those who can afford a house and those who cannot.

#### What then can be Done

Under the present assumptions, definition and means there are two alternatives which we can choose from.

1. Let things be as they are and the system will sort itself out. Perhaps a quote found in Maximum Feasible Misunderstanding can explain the ramifications of such a system:

"A recipe for violence: Promise a lot; deliver a little. Lead people to believe they will be much better off, but let there be no dramatic improvement. Try a variety of small programs, each interesting but marginal in impact and severely underfinanced. Avoid any attempt remotely comparable in size to the dimensions of the problem you are trying to solve. Have middle class civil servants hire upper class student radicals to use lower class Negroes as a battering ram against the existing local political systems; then complain that people are going around disrupting things and chastise local politicians for not cooperating with those out to do them in. Get some poor people involved in local decision making, only to discover that there is not enough at stake to be worth bothering about. Feel guilty about what happened to black people; tell them you are surprised they have not revolted before; express shock and dismay when they follow your advice. Go in for a little force, just enough to anger, not enough to discourage. Feel guilty again; say you are surprised that worse has not happened. Alternate with a little suppression. Mix well, apply a match and run. . . ."

Aaron Wildavsky.

2. Wall the cities - through such action as building large developments which people who have no purchasing power can live in. The ramifications of such a system are self-explanatory.

#### What can be done? IS A POSITIVE ALTERNATIVE POSSIBLE?

Development of a positive alternative: In order to develop a positive alternative, there must be a recognition of certain historical realities which must be accepted.

1. The world is a finite system in which resources such as land, oxygen, and water are limited. Perhaps some of the resources can be produced or reproduced, however, at present we have certain limitations that must be recognized by other means than tokenism and lip service.

2. The components of the world are interrelated; political boundaries are irrelevant to such resources as air and water, etc.

3. Human beings require various supportive systems such as food, shelter, clothing and information, etc., if they are to survive and develop. Although man is born by accident, his survival and growth can not be left to accident.

From these realities we can develop an alternate set of working assumptions:

1. Since there is a limited amount of resources, we must learn to use the ones we have in such a fashion as to do more with less.

2. Since political chauvinism and boundaries are irrelevant (re natural resources) we must learn to operate in a global as well as a local context. No longer can nations use the resources of other countries solely for their own benefit, but we must learn to all use the resources that we have available in a rational fashion. Politics, because of its basic irrational nature, can play no part in the rational distribution and use of resources.

(There are enough resources for all if we use them in a rational fashion - reference - Fuller.)

3. We must now think in interrelated terms in molecular, rather than atomic models. We must recognize that the world, and especially man is in a constant state of change both physical and psychological.

4. When attempting to understand our historical context, we must be aware of the fact that we are not living in the past, although products of it to a certain degree -- nor are we only concerned about the future, although our actions will help shape the future. In the present, and with the alternative basic assumptions, we can develop a new concept -- housing. Such a concept must be a process, rather than an object. Housing must be an expression of man's needs and his constant changing. We can think of housing as an environmental control, which allows man to develop rather than an expression of individual success and achievement. This would mean that there would not be two housing policies -- one for the rich and another for the poor -- but that housing would vary depending to the needs of the individual. Such a concept of housing implies a wider scope than that of house and individual units. It implies an environment or a context. If housing is to meet man's needs it must be both his individual and collective needs.

The development of an alternative model: Housing -- meeting individual needs; What are the needs of an individual relating to:

1. protection from the external environment?	
<u>predictable area</u>	<u>unpredictable area</u>
weather or seasonal conditions	environmental disasters
wind, rain, snow	

2. internal support systems?

How can we utilize our latest technology to ensure that if individuals desire, they are freed from being the sole energy source in terms of such as food preparation, storage and cleaning? Very often this area is ignored because we have been thinking of house as shell, rather than a support system.

3. Can housing be built which meets the needs of man as he changes for example from being a small child to being a pensioner? It is interesting that at present that all children and a great number of pensioners are homeless. That is, a child who lives in his parents' home must learn to adapt to a world built for adults, while a pensioner very often is forced to live in one room rented to him by others. Can our new process of housing meet the needs expressed above?

4. expressive space?

Can we in developing housing establish more flexible and realistic space requirements for people? Does an individual require self-space for human growth? Some people argue that self-space is a psychological requirement, while others maintain that it requires a physical expression. Can we develop housing that is flexible enough to meet both requirements?

Housing - meeting community needs; If we accept the concept that housing is a process by which man's physical needs are met, then we must be concerned with more than just the unit that serves an individual or group of individuals. We must be concerned with the context of the unit, or in other terms our process must be all inclusive. How should units be placed in a community? How is such a grouping of units serviced with recreation, health services, education? How is a system of transportation developed so that it is serviceable to people of all ages and incomes in the community? Why do we require cities? How and where should they be developed? Are we interested in understanding what a positive environment can be -- and perhaps more important, are we willing to begin to transform our present cities so that they can once again become an expression of the creative nature of man?

If we accept the possibility of development of an environment where we can meet the needs of people individually and collectively; and if we believe that resources utilized rationally can provide that we all share in an economy of abundance; and if we accept the fact that we can utilize our technology to achieve these ends, then a pattern to achieve these goals can be outlined. We can be outlined. We can no longer afford to tackle the situation in a piece-meal fashion, or in a fashion that reeks of political tokenism. A wholistic approach must be utilized -- as we saw in our example of the western Canadian city who thought they could solve the housing

problem through the purchase and resale of a large tract of land -- an attempt which only takes one aspect into consideration will not affect the situation.

Perhaps a three phase process might be utilized in the realization of the goal:

1. Determination of needs of the individual and communities of individuals.
  2. Translation of needs into design -- bearing in mind the need to be in harmony with the natural environment.
  3. Realization of the design.
1. The Determination of Needs

Historically we have relied upon sociological research to provide the input for the needs. Such input was usually generalized and based upon a sampling rather than upon the individual. A new method of determining needs with the people who are involved in the situation is possible. Last June, the Edmonton Citizens held a nine day intensive planning process with people who wanted to develop a housing community. The people who would be living in the community came together to work out what their needs in terms of housing as individuals or as family groupings, as well as their community needs. Individuals who had specific technical skills were used as resource people in designing a possible community. Such a method can and must be used if we are to truly determine what people's needs are. Housing is an extension of an individual or community need and lifestyle.

2. Translation of the need into design

As we translate the need into a design we must not be limited by our past models. Servicing of a unit can no longer be developed in the present fashion -- we must learn to develop and incorporate the process of recycling as a means of servicing. A new form of housing, even if it is acquired in a new fashion but still relies on the present system of sewage disposal, will cost us more in the long run. We must remember that the solution of one aspect of the problem is not sufficient. The supportive systems such as transportation must also be given careful consideration. At present, we are utilizing some of the best agricultural land to develop our cities on. Perhaps one of the greatest consumers of land in the present cities is the freeway transportation systems that have been developed. In some cities 25% of the land is utilized in roadway development. Can we really afford to squander land in such a way?

In terms of the development of the dwelling unit itself, can we utilize the present technological resources we have to develop an internal and external support system. The mobile home industry is one of the few visible examples where an attempt at realizing this concept is being made. Unfortunately, in many cases the mobile home is merely an imitation of the present concept of house. Nevertheless, these units are designed with many basic components as an integral part. The flexibility of the mobile home unit could certainly be developed if the concept of modules which could be added or removed was used.

3. Realization of the design

There would be little point of developing the unit that met the needs of an individual or family grouping, and translating such a design into a physical structure which was part of a community, if people would not acquire this unit. This means that to be truly effective, other changes would be required to be successful. The three major areas that must be dealt with are; Land, Financing, Taxes.

LAND: No longer can we operate under the false premise that land can be purchased. Purchasing allows people with more resources to accumulate the land and speculate upon the price. Land should be publicly owned and leased to people for use. This would allow for a more equal distribution of this resource. Speculation or holding of property would no longer be possible and the resultant false economic situation established through the sale of land would be eliminated.

FINANCING: If housing people is a priority, then governments should see that non- or low-interest (1%) loans are made available for housing. If we stay at the present interest rate (7 1/4% - 8 3/4%), there is little hope for the development of housing that people can afford. Resources which are now utilized for defence and military purposes, for unnecessary land acquisition for free-ways, and from various insurances could be diverted to develop housing for people.

TAXES: Presently a number of urban areas support the development of the necessary social services through property tax. This form of acquiring resources in antiquated - alternate means must be found. As before, there is little use providing housing for people if they must utilize all their resources finding the required financial resources to meet the property taxation demand. Perhaps resources could be found which would supplement the present taxation system through a diversion of resources in a similar fashion as proposed in the development of non- or low-interest loans for housing. If resources are diverted, they then must be redistributed to local communities. If local communities are expected to totally support all the necessary services that they require on their own, the situation will arise where the richer communities will be able to support more services than the poorer communities. What happens at present in this situation is that people move from the poorer area, into the area which appears to have more resources and therefore, more to offer to people. The only way to alleviate this community situation is to redistribute the resources on a need basis, collecting or diverting them from larger regional areas. Other means such as income tax or capital gains tax on a regional basis, certainly could be a means of collecting resources to replace the property tax.

It is important to reemphasize at this point that the only way the present dilemma about housing can be dealt with is through intervention in as many of the necessary areas at the same time as possible.

The following questions are all equally important;

- What type of housing and community do people require and desire?
- How should such a unit be designed with its necessary support systems?
- Where should these units be placed?
- What resources are required in the process?
- How can people acquire their housing?

## CONCLUSION

Very interesting and utopian, might be the comment of the reader at this point, but how does such a model lower the cost of housing. No comparative prices are given for one system over another. How can an assessment be made?

At present, we know that a house costs about four times as much as its original price over thirty or forty years due to the great interest charges on the loan money required to purchase it. If the interest on such a loan were cut to 1%, this would be an immediate and visible lowering on the price of housing. If land were not sold at an inflated price, but as merely leased, this would be a visible lowering on the cost of housing. These are simple interventions that could begin to solve the problem of lowering the cost of housing. Can we lower some of the other costs, such as minimizing the damage done to an individual or family, by creating a more positive environment?

It is unfortunate that we have no measurement of the invisible costs. At present, all we can do is to calculate the cost of the extra services that are necessary as our environment deteriorates; such as penal institution (we can say that it costs \$7,000.00 per annum to house a prisoner in an institution, however, we can not calculate the cost to the person of being in such an institution.). What is the present cost of not housing people properly? What will be the cost of the development of a caste system based upon the type of house one lives in?

Perhaps a reiteration of the initial statement of this paper might be helpful. This paper will not provide an instant solution to any problems that have been created over a number of centuries. It instead is an attempt to understand the present situation and the choices that can be made about the future. Perhaps more important, this paper poses a challenge in the sense that there is a possible positive future if we dare to accept the challenge to create it. The future of the future lies in the hands of hands of those who are willing to create it. If we are sure that the future will be negative and that all we can do is to develop band-aid solutions such as low cost housing for the poor, then it will be so. If we believe that there is a possibility of affecting the evolutionary process of

man in a positive fashion and try to develop positive and just solutions, then we will be part of the creation of a positive future. In this regard, we believe that there are the resources, physical, technical, and human to house people in a positive fashion. Such an action will take a commitment, understanding and willingness to seek out and develop new alternatives, and means necessary to attain this goal.

Since the problem of lowering the total cost of housing is a

global process, because we must include the use of natural resources, any solutions that are attempted must be tackled on an international level. As was mentioned earlier this can not be done at the political level, because the very nature of politics defies a rational just solution means must be established to develop such a non-political interest group. Perhaps this symposium is a beginning?